



Medina City Schools

Financial Report Five Year Forecast October, 2015



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Forecast Purpose/Objectives

Ohio Department of Education's purposes/objectives for the five-year forecast are:

1. To engage the local board of education and the community in the long range planning and discussions of financial issues facing the school district.
2. To serve as a basis for determining the school district's ability to sign the certificate required by O.R.C. §5705.412, commonly known as the "412 certificate.
3. To provide a method for the Department of Education and Auditor of State to identify school districts with potential financial problems.

Executive Summary

	Fiscal Year 2016	Fiscal Year 2017	Fiscal Year 2018	Fiscal Year 2019	Fiscal Year 2020
Beginning Balance	39,469,240	47,200,723	52,601,866	55,618,246	57,309,516
+ Revenue	78,203,406	77,576,159	76,266,679	72,688,003	69,276,267
+ Proposed Renew/Replacement Levies	-	-	-	3,369,976	6,740,401
+ Proposed New Levies	-	-	-	-	-
- Expenditures	(70,471,923)	(72,175,016)	(73,250,299)	(74,366,708)	(75,603,401)
= Revenue Surplus or Deficit	7,731,483	5,401,143	3,016,380	1,691,270	413,267
Ending Balance	47,200,723	52,601,866	55,618,246	57,309,516	57,722,783
Revenue Surplus or Deficit w/o Levies	7,731,483	5,401,143	3,016,380	(1,678,706)	(6,327,135)
Ending Balance w/o Levies	47,200,723	52,601,866	55,618,246	53,939,540	47,612,406

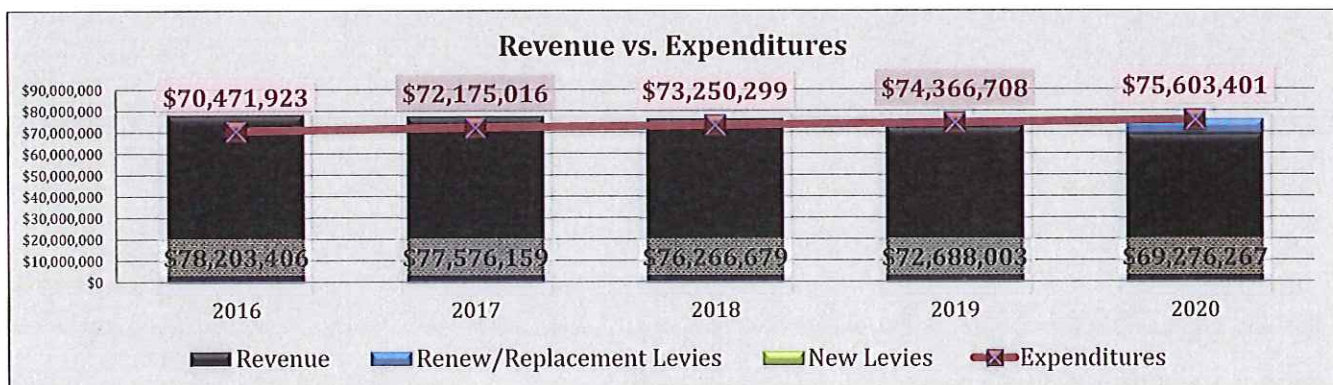
Executive Summary:

The Medina City School District Board, Administration and Staff are being diligent and considerant of the moneys of the taxpayers of the community. We are keeping the promise to the taxpayers that the Emergency Levy will be managed prudently and will last for the five years. With this in mind, the district has added new teachers and programming, brought bussing back to one mile for all students, increased the bus fleet and added one School Resource Officer.

The district has also negotiated new three year contracts with both unions. While part of the contract increases salaries, another part increases staff member costs of benefits reducing District costs. The forecast is reflective of these increases and decreases.

The forecast also reflects the happenings down in Columbus which affect funding for the district. Changes in the State Foundation, the main funding source from the State are going to help the district the first year then start to hurt in following years. These changes are shown on the revenue side of the forecast.

Finally, the forecast shows the drop off from the end of the Emergency Levy beginning in fiscal year 2019. If the levy falls off and does not get renewed, the district will lose \$6.7 million in each of the following years. The district will be looking to the taxpayers to renew the Emergency Levy with the knowledge the promise to the taxpayers has been kept.



Revenue Overview

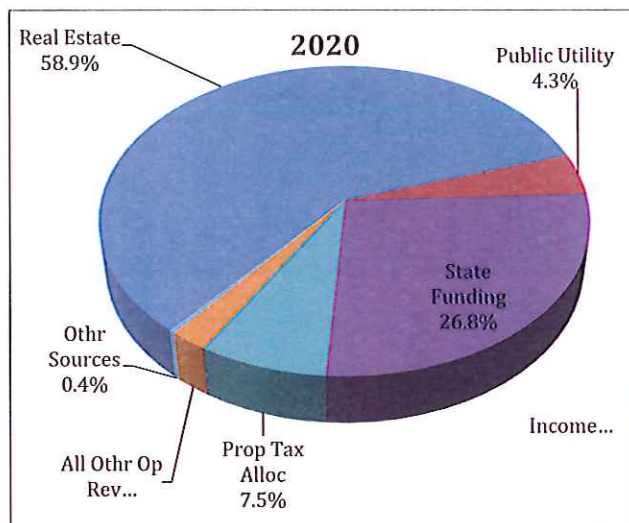
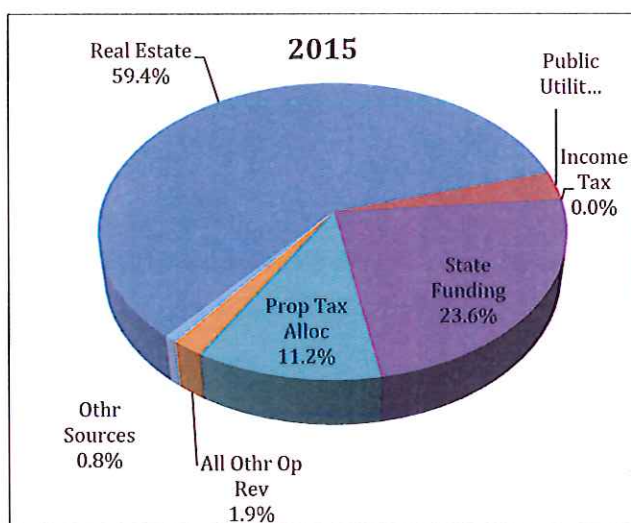
	Prev. 5-Year Avg. Annual Change	PROJECTED					5-Year Avg. Annual Change
		Fiscal Year 2016	Fiscal Year 2017	Fiscal Year 2018	Fiscal Year 2019	Fiscal Year 2020	
Revenue:							
1.010 - Real Estate	3.93%	-1.52%	0.29%	0.38%	-6.04%	-6.09%	-2.60%
1.020 - Public Utility	5.75%	7.87%	5.83%	4.66%	0.89%	1.05%	4.06%
1.030 - Income Tax	n/a	n/a	n/a	n/a	n/a	n/a	n/a
1.035 - State Funding	2.62%	9.19%	2.79%	-3.29%	-3.78%	-3.91%	0.20%
1.040 - Restr Aid	568.28%	5.60%	-1.57%	-1.95%	-2.40%	-2.06%	-0.47%
1.045 - Restr Federal SFSF	-100.00%	n/a	n/a	n/a	n/a	n/a	n/a
1.050 - Property Tax Alloc	-3.93%	-15.25%	-17.50%	-14.43%	-1.04%	-0.70%	-9.78%
1.060 - All Other Operating	3.22%	6.62%	-2.47%	-1.24%	0.01%	-0.33%	0.52%
1.070 - Total Revenue	2.20%	-0.08%	-0.64%	-1.66%	-4.71%	-4.71%	-2.36%
2.070 - Total Other Financin	60.25%	-35.28%	-32.84%	-9.67%	0.00%	0.00%	-15.56%
2.080 - Total Revenues and Ot	2.15%	-0.36%	-0.80%	-1.69%	-4.69%	-4.69%	-2.45%

Notes & Assumptions:

Total Revenues for the district are looking to decline with the main reasons being the ending to the Emergency Levy after 2018, Changes to the School Foundation with H.B.64, and the reduction by the State to Tangible Personal Property Tax Reimbursement monies in 2016 and 2017 fiscal years.

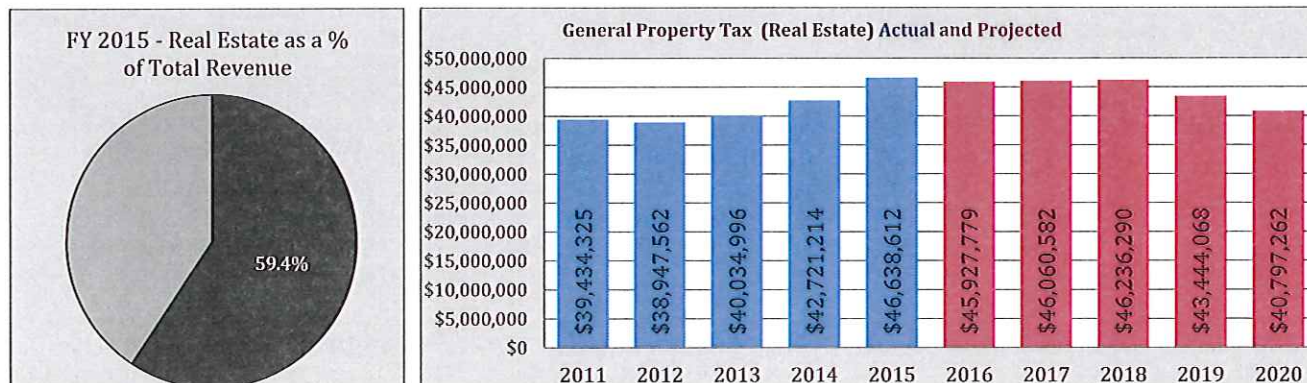
The State will be looking to hold districts harmless of their Tangible Personal Property Tax Loss Reimbursement in the first year of the forecast by adding to foundation funding, however, with the Governor's veto, districts will not be held harmless in the second year and will feel the drop off in fiscal year 2017.

The charts below show as the district loses money with the drop of of the Emergency Levy and the drop of Tangible Personal Property Tax Reimbursement money. The district will be more reliant upon the State for funding revenues in the future.



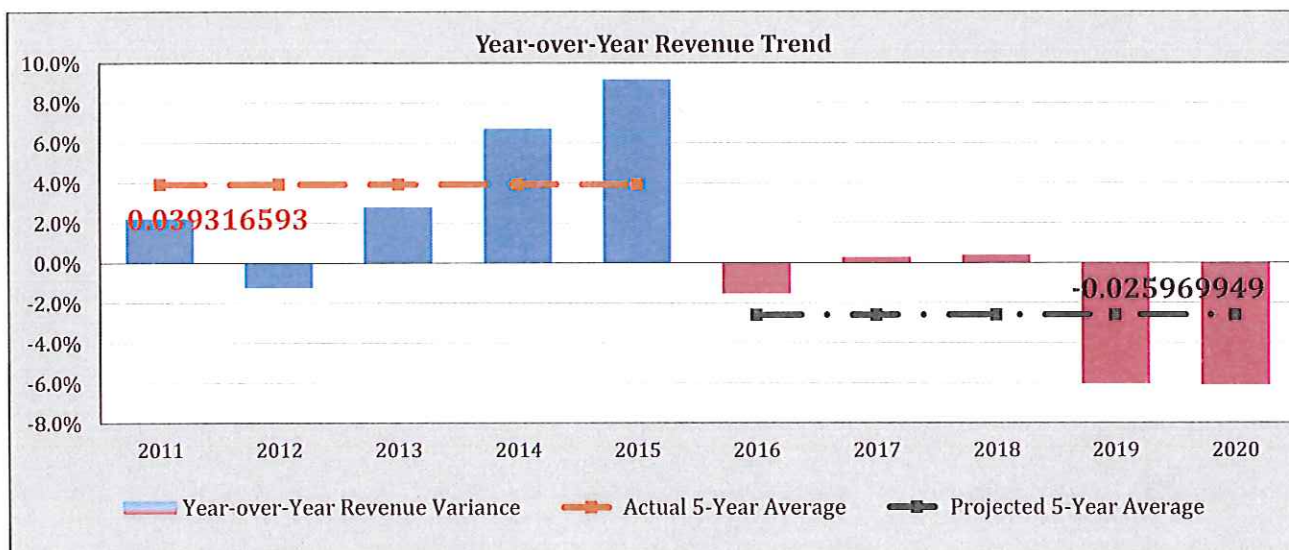
1.010 - General Property Tax (Real Estate)

Revenue collected from taxes levied by a school district by the assessed valuation of real property using effective tax rates for class I (residential/agricultural) and class II (business).



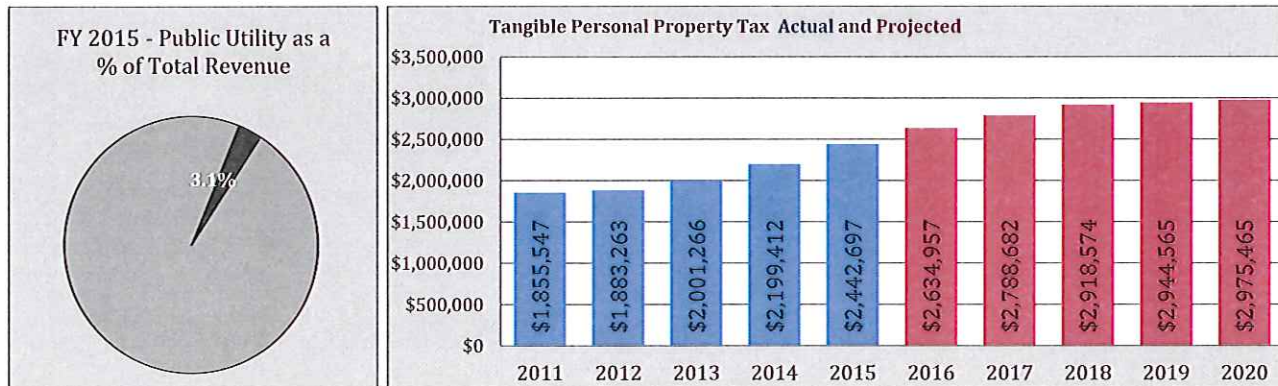
Notes & Assumptions:

The property taxes of the district, including the Emergency Levy had come in last year above estimates due to the true-up from the County Auditor's Reappraisal Funds. The current and next two fiscal years are assumed to have moderate growth until the last of the collections for the Emergency Levy in Fiscal Year 2018-2019. The district will be looking to renew this Emergency Levy within this time. The Year-over-Year Trend is showing revenues for the upcoming five years to be below the current five years due to the drop off of the Emergency Levy and the Auditor True-up.



1.020 - Public Utility Personal Property

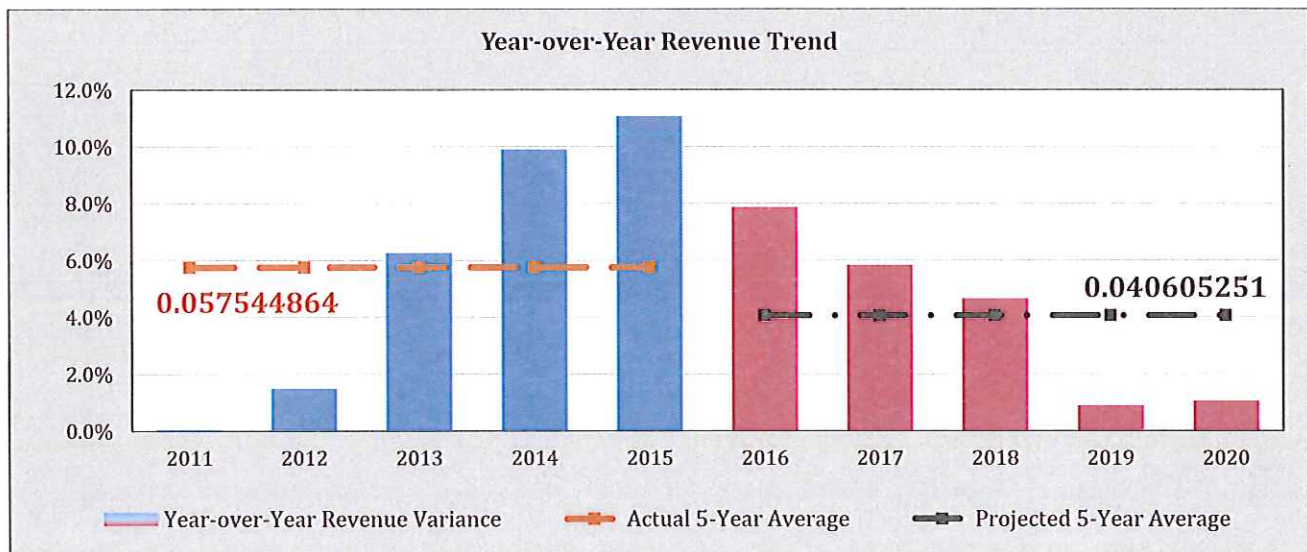
Revenue generated from public utility personal property valuations multiplied by the district's full voted tax rate.



Notes & Assumptions:

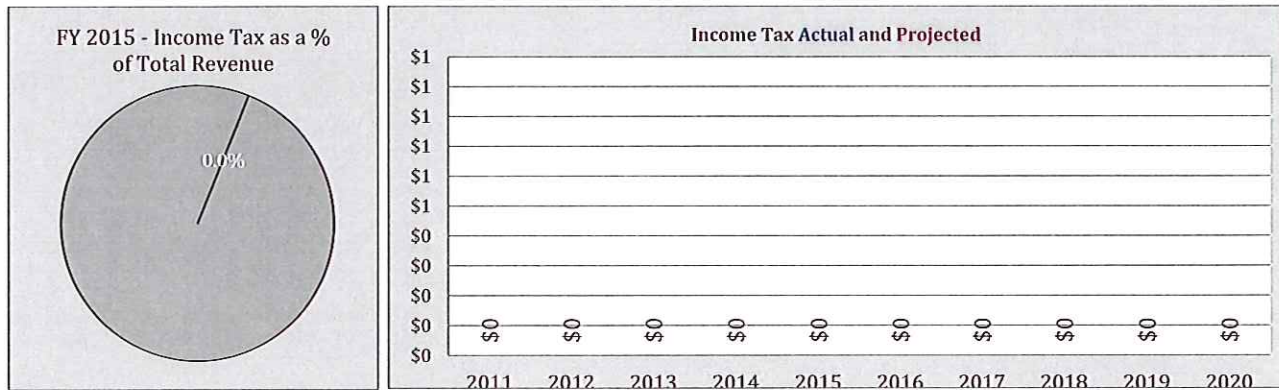
Public Utility Personal Property is taxed at the full tax rate and received upon settlement of Real Property from the County Auditor. As the Utility Property values increase, so does the money owed in property taxes. The district is assuming an increase over the next two years.

The Year-over-Year trends shows the assumption of rising values in the current year and beyond is less than the increases over the last five years.

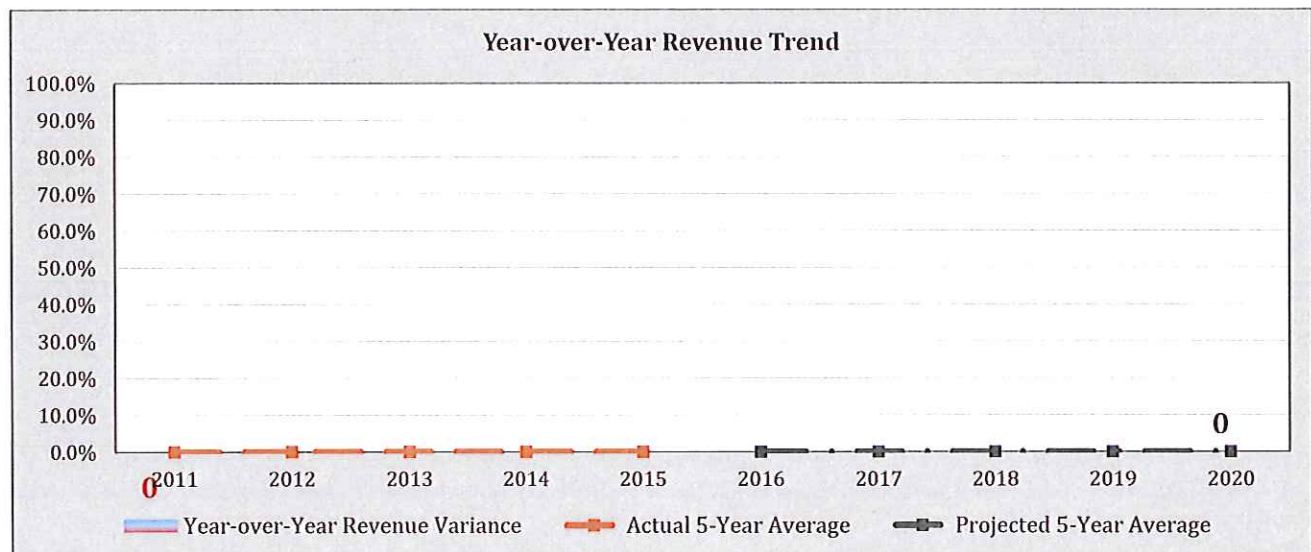


1.030 - Income Tax

Revenue collected from income tax earmarked specifically to support schools with a voter approved tax by residents of the school district; separate from federal, state and municipal income taxes.

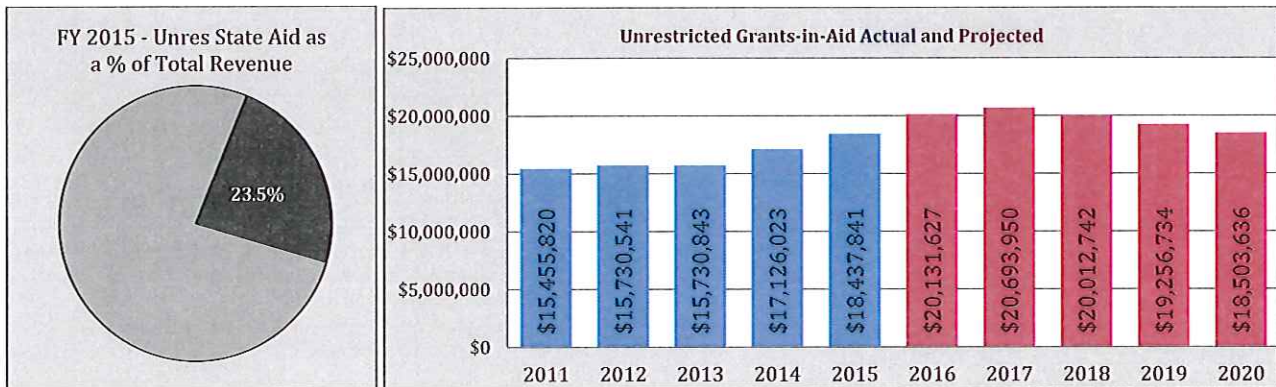


Notes & Assumptions:



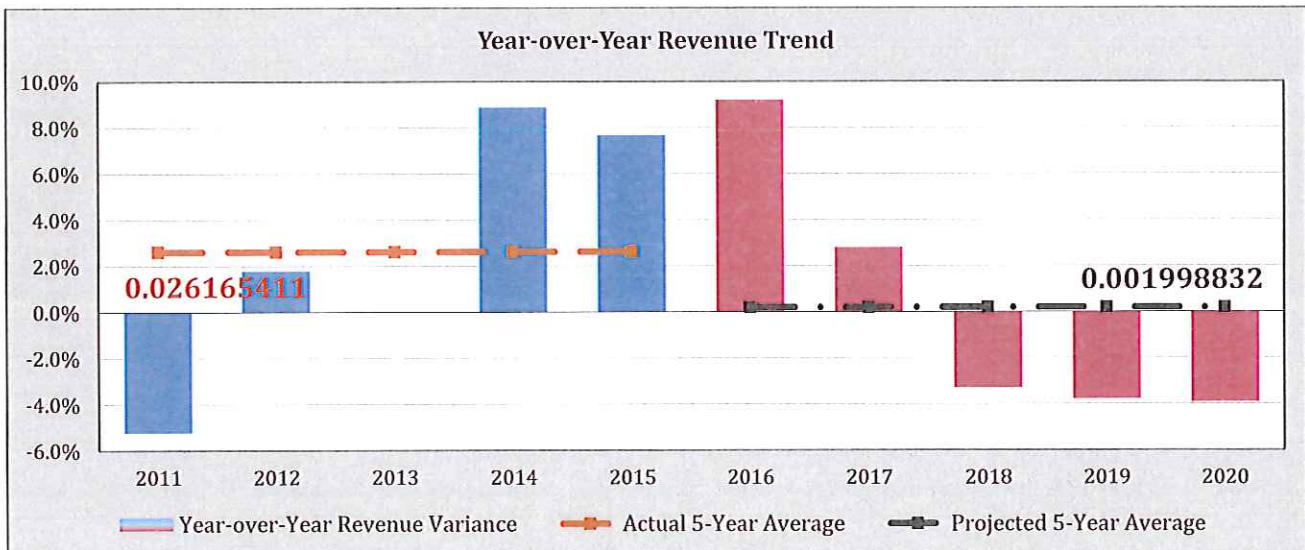
1.035 - Unrestricted Grants-in-Aid

Funds received through the State Foundation Program with no restriction.



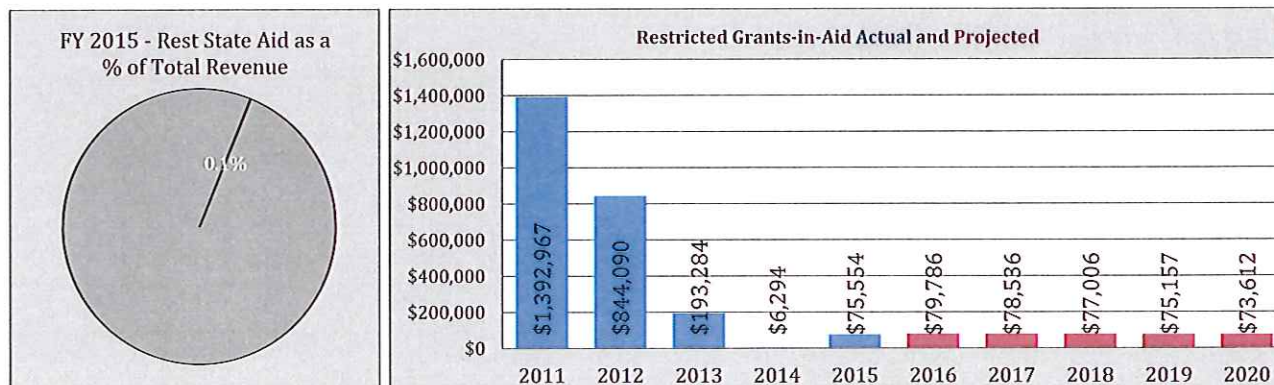
Notes & Assumptions:

The assumption by the district concerning the State Foundation Program is the district will receive two types of increases based upon the new formula. The first is the assumption the district will receive money the first year due to the hold harmless for Tangible Personal Property Tax Loss and the second is an increase based upon current student count and increased funding per student over the biennium. However, as one can see the trend for State Funding is assuming to be decreasing based upon estimated student counts being lower in future years.



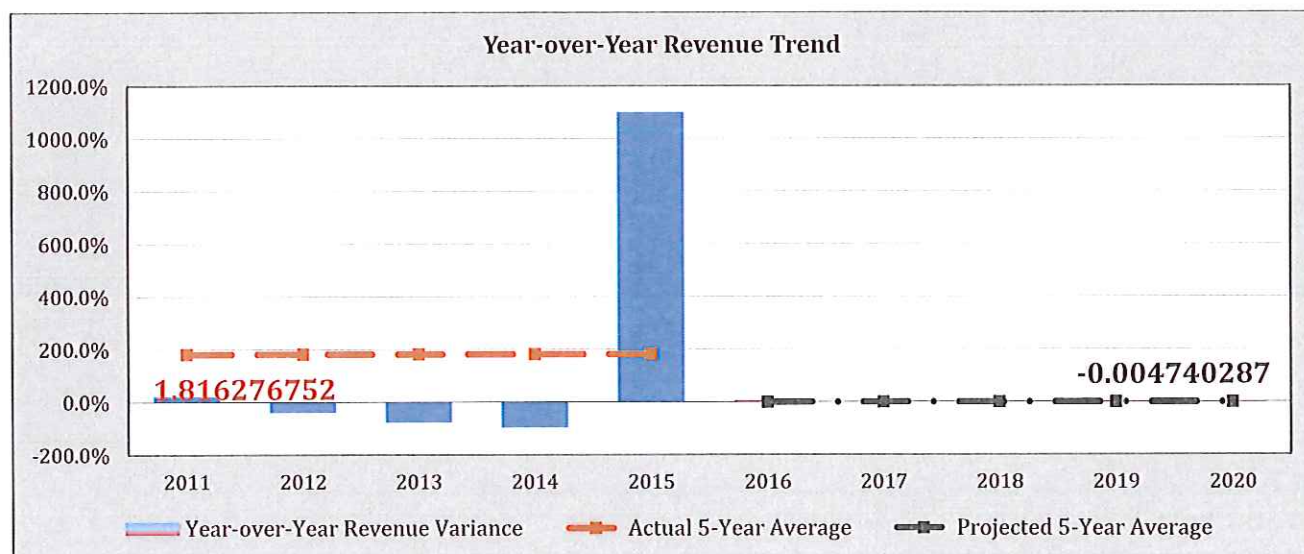
1.040 & 1.045 - Restricted Grants-in-Aid

Funds received through the State Foundation Program or other allocations that are restricted for specific purposes.



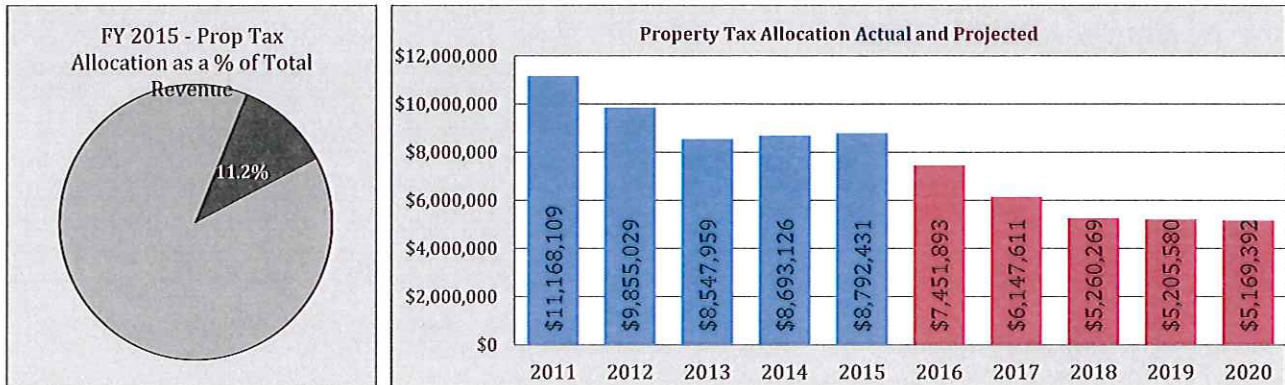
Notes & Assumptions:

These are the monies received from the State for Career Tech and Economic Disadvantaged Students. As shown, the funds received are small compared to the entire revenues received by the district. The assumption is these funds will continue to be received at the current rate into the future.



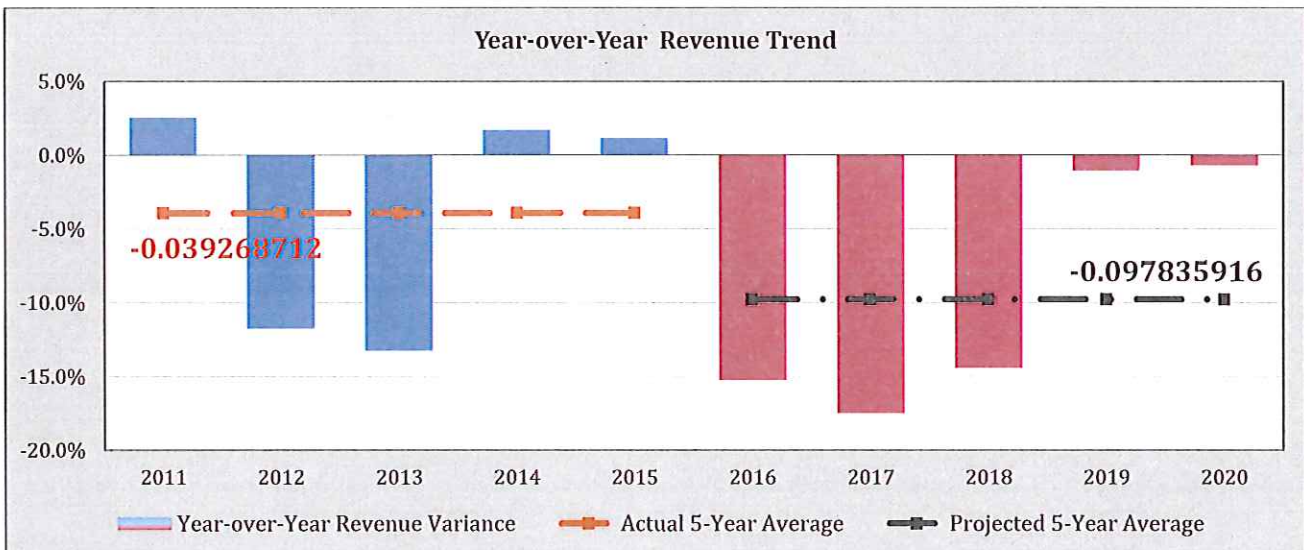
1.050 - Property Tax Allocation

Includes funds received for Tangible Personal Property Tax Reimbursement, Electric Deregulation, Homestead and Rollback.



Notes & Assumptions:

Property Tax Allocation funds are assumed to be dropping based upon H.B. 64 and the reduction of Tangible Personal Property Tax Reimbursement funds. The Homestead funds are assuming to follow the collections of Real Property Taxes and will drop off slightly with the Emergency Levy, however, Rollback monies were not reduced based upon the levy and will remain as before. The Year-over-Year trend shows the cuts in the Tangible Personal Property and how they have affected both prior years and current and upcoming years.



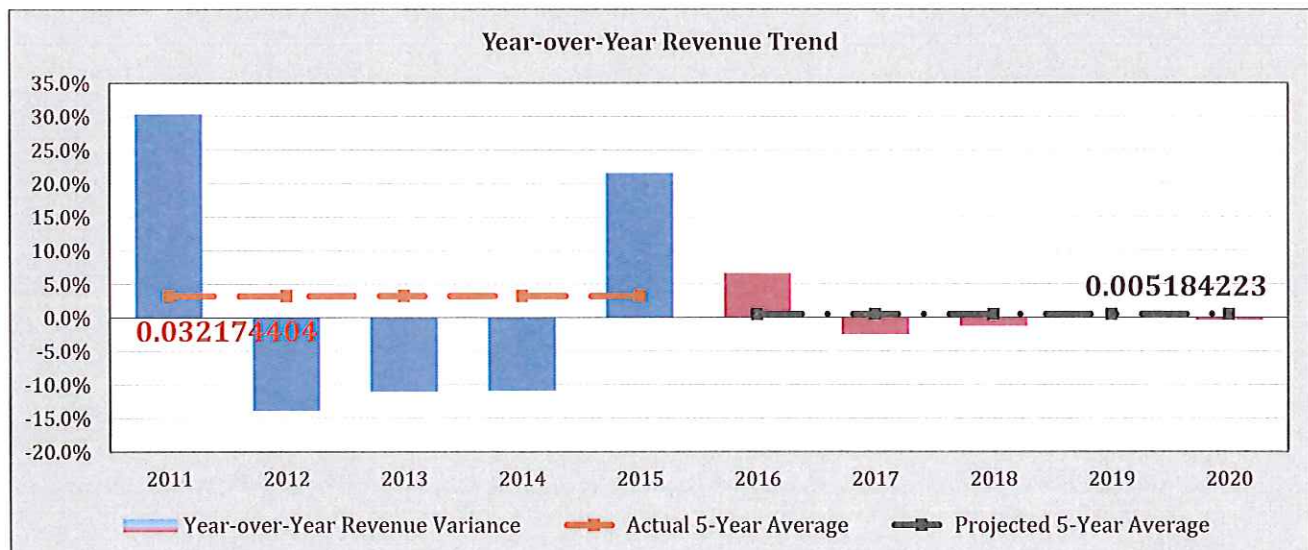
1.060 - All Other Operating Revenues

Operating revenue sources not included in other lines; examples include tuition, fees, earnings on investments, rentals, and donations.



Notes & Assumptions:

All other operating revenues have been pushed up over the last year by investment income and tuition. We are assuming this trend to continue into the future.



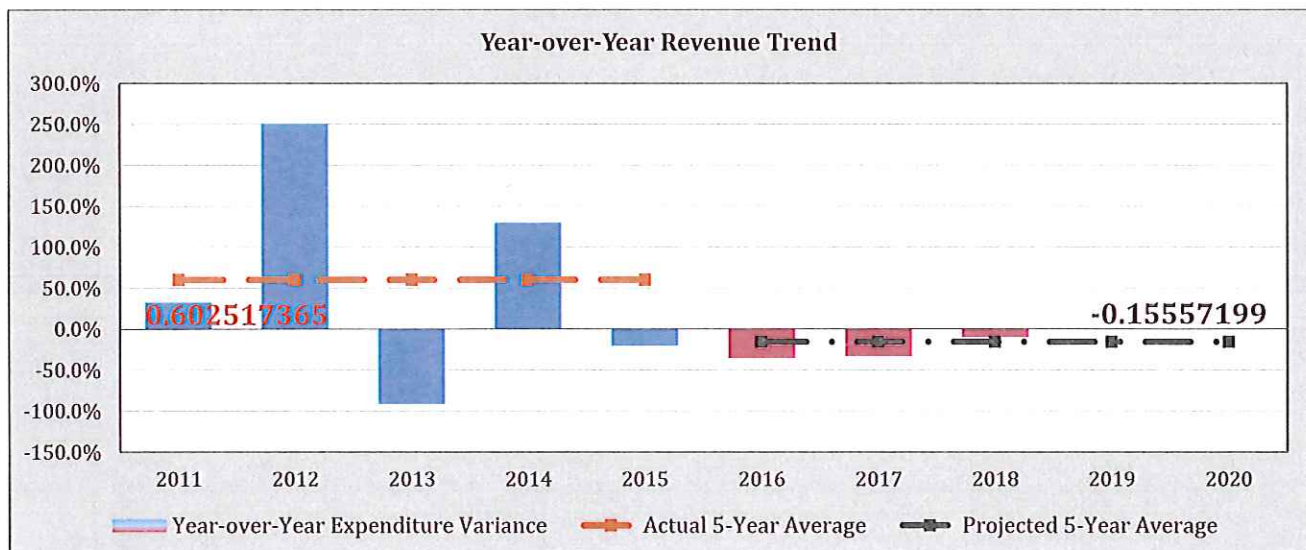
2.070 - Total Other Financing Sources

Includes proceeds from sale of notes, state emergency loans and advancements, operating transfers-in, and all other financing sources like sale and loss of assets, and refund of prior year expenditures.



Notes & Assumptions:

Monies for this source were one time from the BWC refunding and STRS and SERS refunding among others smaller sources. The district has been active to provide better estimates to STRS and SERS, thus lowering the expenditures and reducing future revenue sources.



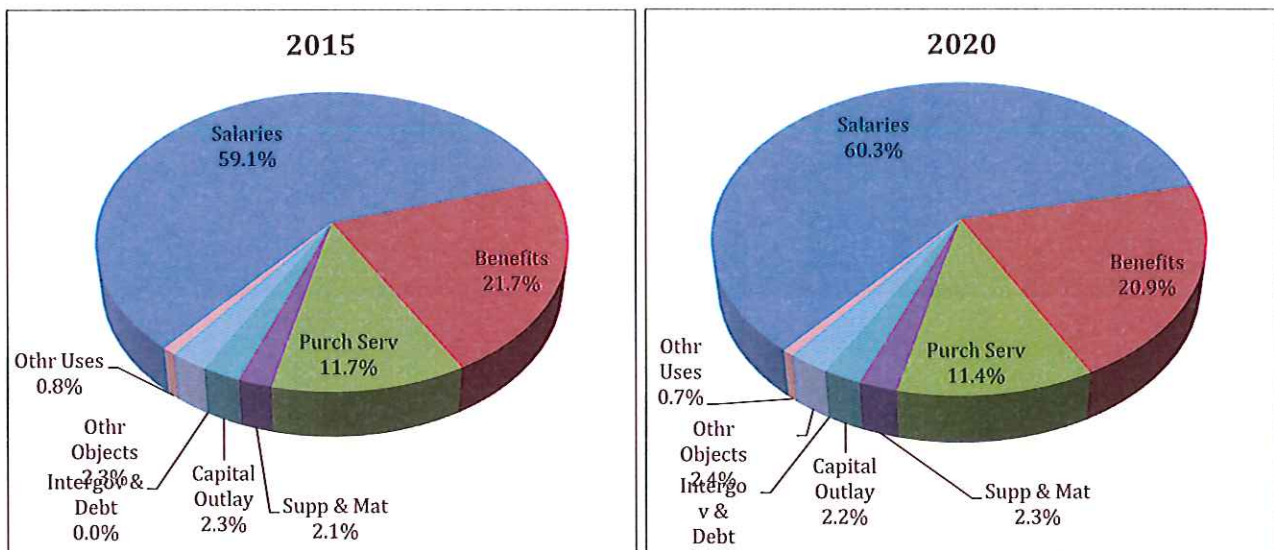
Expenditures Overview

	Prev. 5-Year Avg. Annual Change	PROJECTED					5-Year Avg. Annual Change
		Fiscal Year 2016	Fiscal Year 2017	Fiscal Year 2018	Fiscal Year 2019	Fiscal Year 2020	
Revenue:							
3.010 - Salaries	-2.39%	3.29%	3.33%	1.73%	1.83%	1.92%	2.42%
3.020 - Benefits	-4.19%	1.67%	1.71%	0.91%	0.96%	1.02%	1.25%
3.030 - Purchased Services	4.25%	3.67%	0.16%	0.83%	1.38%	1.12%	1.43%
3.040 - Supplies & Materials	-4.02%	40.09%	-16.04%	0.76%	0.76%	0.77%	5.27%
3.050 - Capital Outlay	114.22%	-31.33%	42.87%	2.14%	2.16%	2.18%	3.61%
3.060 - Intergov	n/a	n/a	n/a	n/a	n/a	n/a	n/a
4.010 - 4.060 - Debt	n/a	n/a	n/a	n/a	n/a	n/a	n/a
4.300 - Other Objects	1.78%	11.75%	-5.57%	4.39%	-0.36%	4.36%	2.91%
4.500 - Total Expenditures	-1.78%	3.15%	2.44%	1.50%	1.52%	1.67%	2.06%
5.040 - Total Other Financing	6.80%	-10.47%	-0.57%	0.02%	1.99%	0.11%	-1.79%
5.050 - Total Expenditures and	-1.72%	3.04%	2.42%	1.49%	1.52%	1.66%	2.03%

Notes & Assumptions:

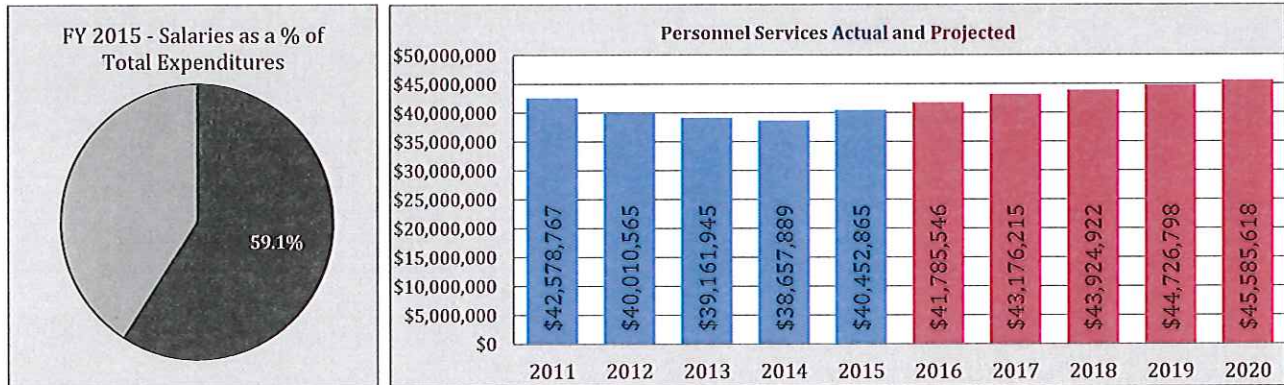
The district added staffing and programming in fiscal year 2015 and passed three year negotiated contracts. More benefits are being paid or will be paid by staff members per these contracts leading to lower increases on future benefit payments for the district. Purchased Services are assumed to continue to increase as costs for utilities, tuition and other services provided to the district increase. Supplies will be increasing with the new adoption of textbooks this year and cost to fuel the new buses of the fleet throughout the forecast. Capital increased last year with the cost being shifted from the Sale Tax Fund. Other Objects include current estimates for the Medina County ESC including payments this fiscal year for services provided last fiscal year.

The District is projecting expenditures to be nearly proportioned the same in the future as was spent last fiscal year. Salaries and Benefits will account for nearly 80% of spending while all other expenses will make up the remaining 20%.



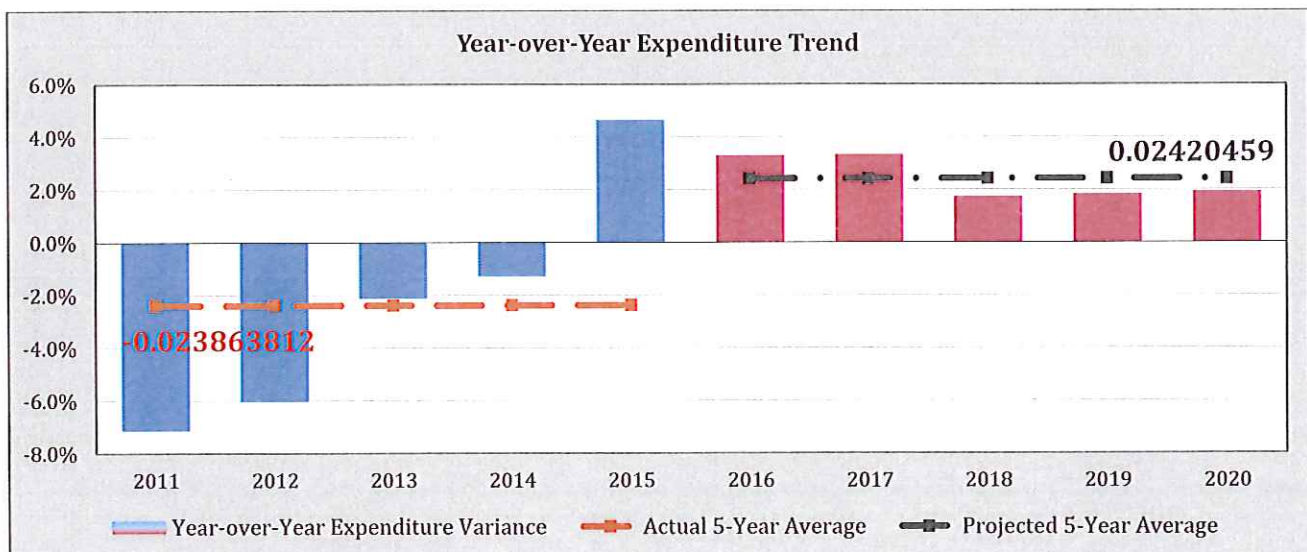
3.010 - Personnel Services

Employee salaries and wages, including extended time, severance pay, supplemental contracts, etc.



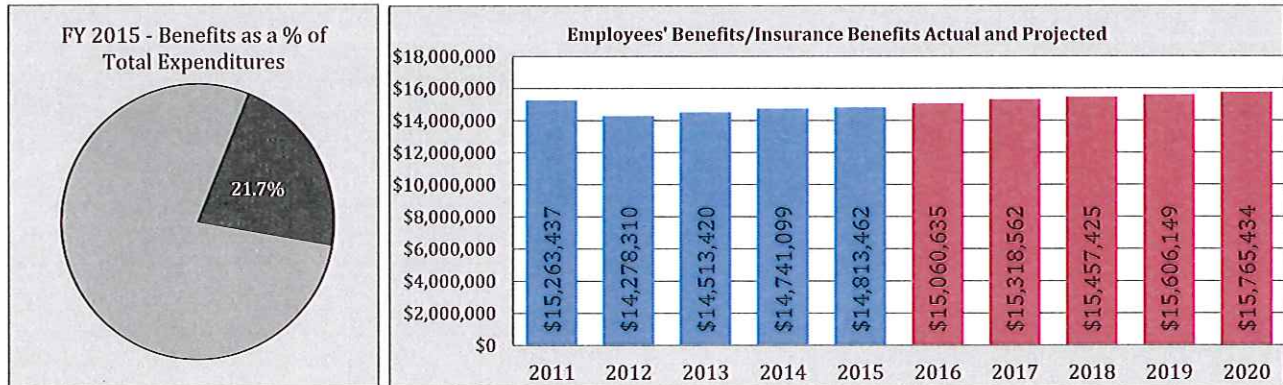
Notes & Assumptions:

The district added new teachers and programming in Fiscal Year 2015 and have added bus drivers and bussing back to the one mile mark as well. These additions, along with the passage of the most recent negotiated contracts will bring about a rise in the Personnel Services for the district. As can be seen below, the additions last year were a departure from the prior years of reduction through attrition and cuts to personnel.



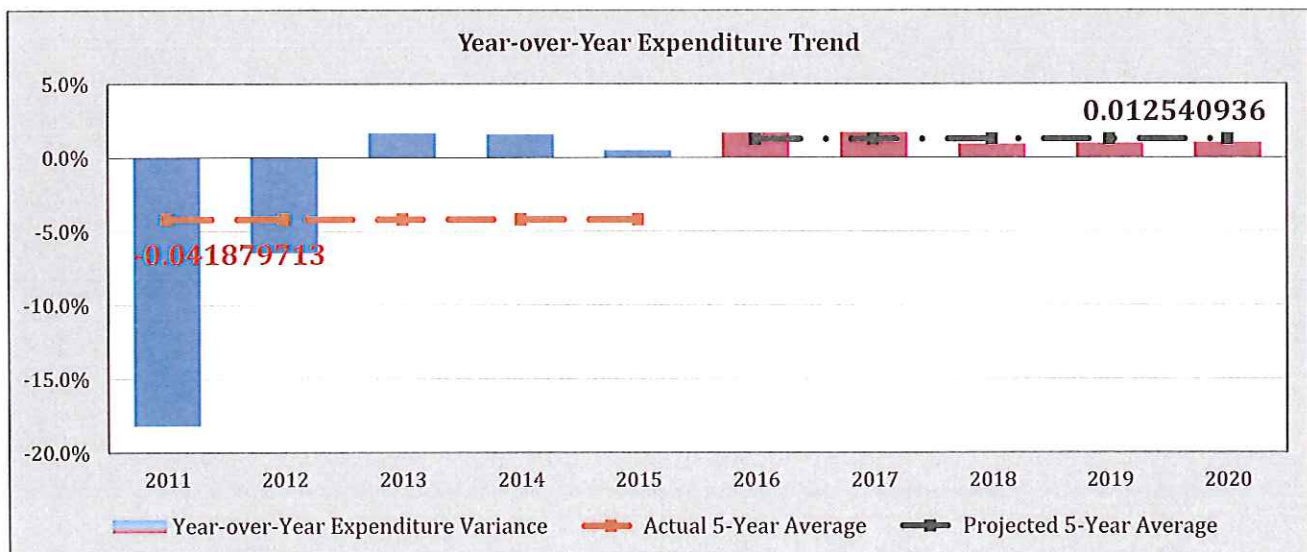
3.020 - Employees' Benefits

Retirement for all employees, Workers Compensation, early retirement incentives, Medicare, unemployment, pickup on pickup, and all health-related insurances.



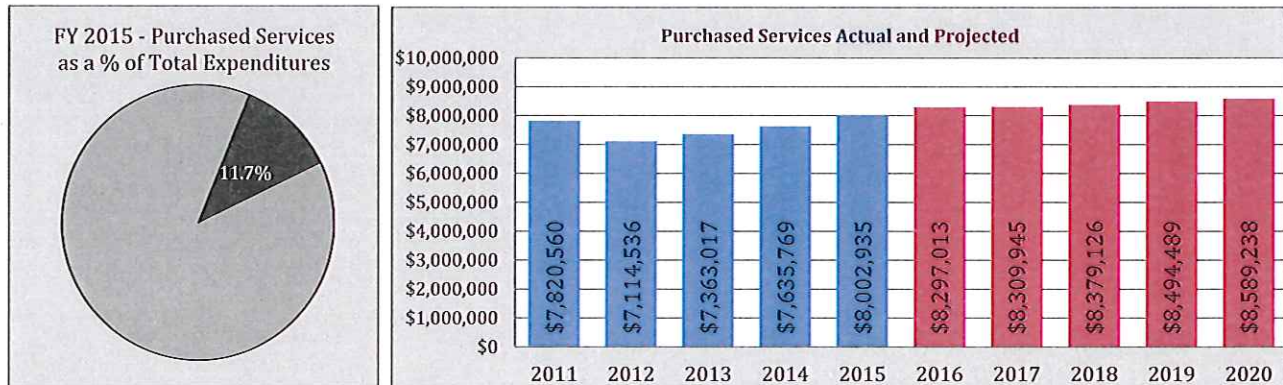
Notes & Assumptions:

Benefits tend to follow the salaries of the district. However, with the negotiated contracts, staff members are paying or will be paying more for their benefits, thus reducing the burden on the district and taxpayers. The chart below shows the addition to personnel did not result in the corresponding additions to benefits paid by the district and future increases will be less than prior years.



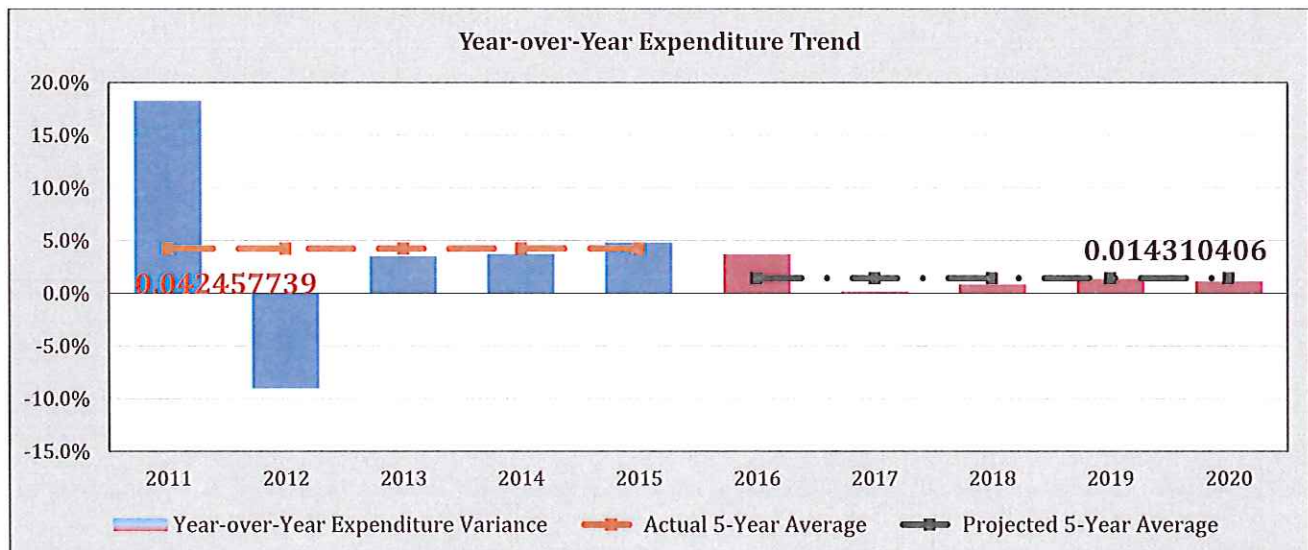
3.030 - Purchased Services

Amounts paid for personal services rendered by personnel who are not on the payroll of the school district, and other services which the school district may purchase.



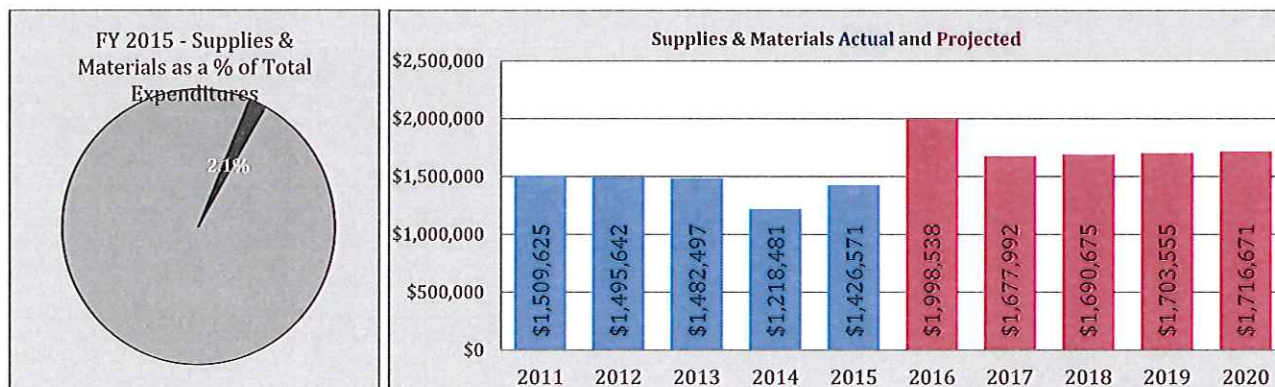
Notes & Assumptions:

Purchased Services is a continuous source of increased expenditures for the district. This expenditure includes services for Medina County ESC, open enrollment out, community schools, utilities and tuition to other schools. The chart below shows how unpredictable this category has been in prior years and the assumption that increases throughout the future years will occur.



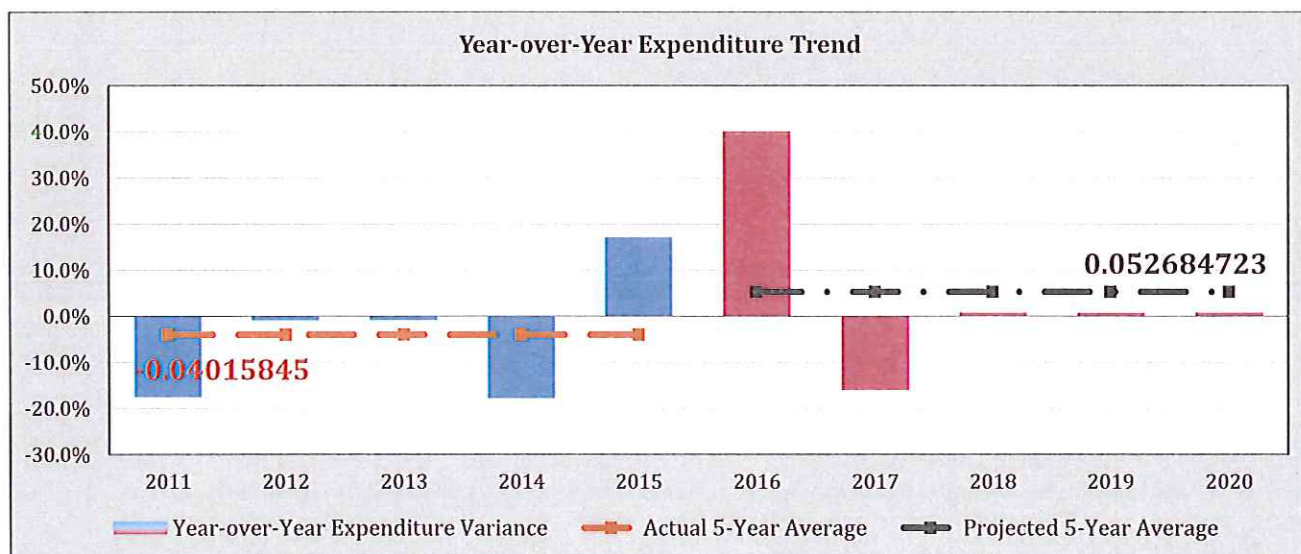
3.040 - Supplies & Materials

Expenditures for general supplies, instructional materials including textbooks and media material, bus fuel and tires, and all other maintenance supplies.



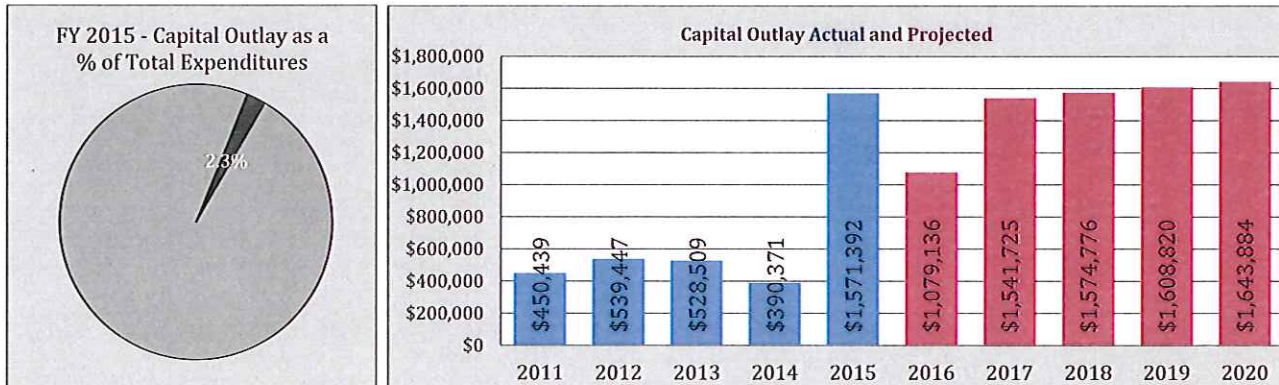
Notes & Assumptions:

The District will be increasing spending on textbooks this year with a new adoption, and with the addition of new busses in fiscal 2015 and 2016, the cost for fuel has increased. This increase is assumed to maintain over the forecast. Below, the Year-over-Year Trend shows the increase last year for the fuel and this year for the textbook adoption. The dropoff in the following is due to anticipated lower cost for the adoption of textbooks. The District will be looking for a steadier flow of supplies expenditures throughout the remainder of the forecast.



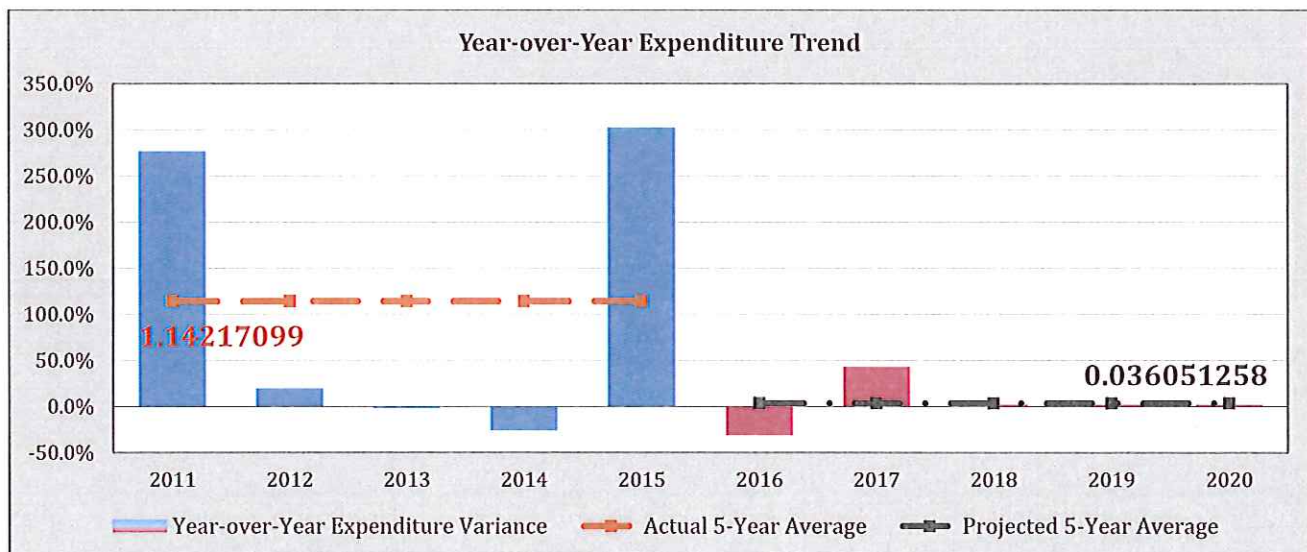
3.050 - Capital Outlay

This line includes expenditures for items having at least a five-year life expectancy, such as land, buildings, improvements of grounds, equipment, computers/technology, furnishings, and buses.



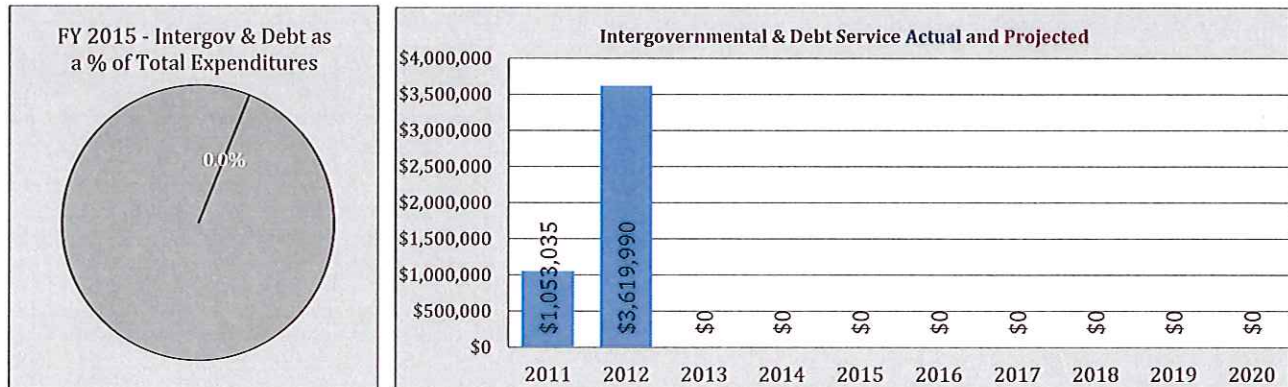
Notes & Assumptions:

Capital Outlay increased last fiscal year with the increased costs for principal and interest payments from the Sales Tax Fund. This reduced the money available for the Sales Tax Fund to use for current capital. Therefore, the General Fund has to pick up more capital expenditures. This will continue for the remainder of the forecast and beyond. Below, the Year-over-Year chart shows the major increase last year and the steadying of capital payments into the future.

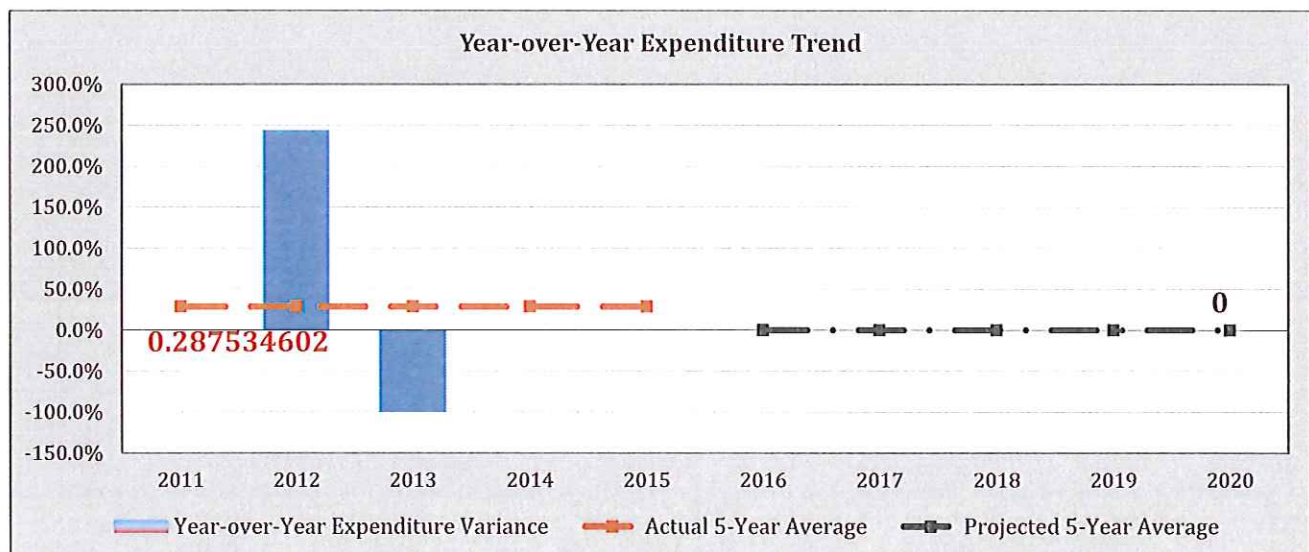
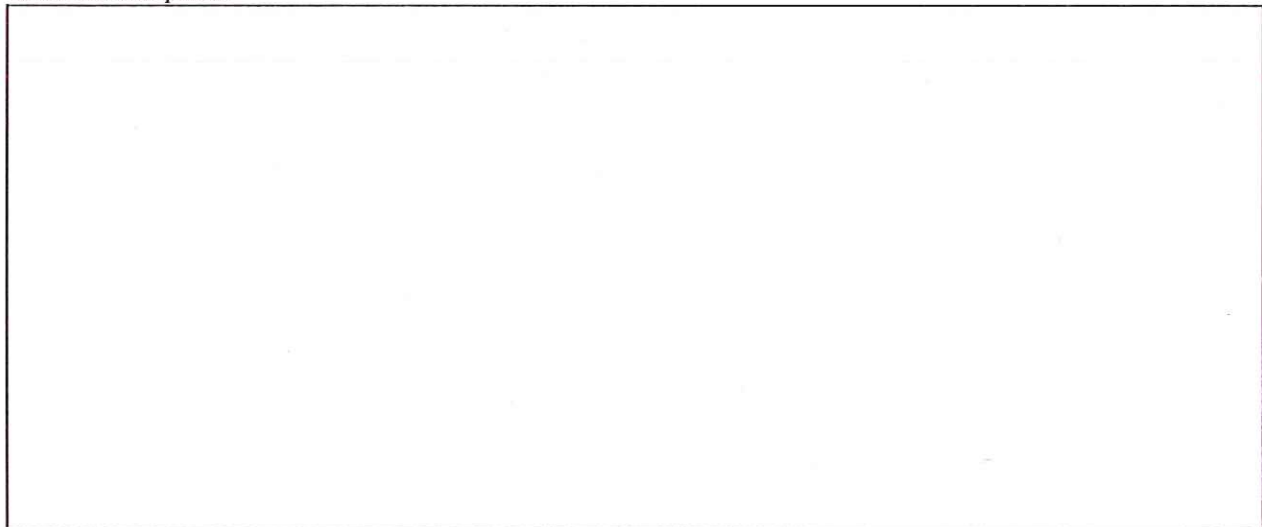


3.060-4.060 - Intergovernmental & Debt

These lines account for pass through payments, as well as monies received by a district on behalf of another governmental entity, plus principal and interest payments for general fund borrowing.

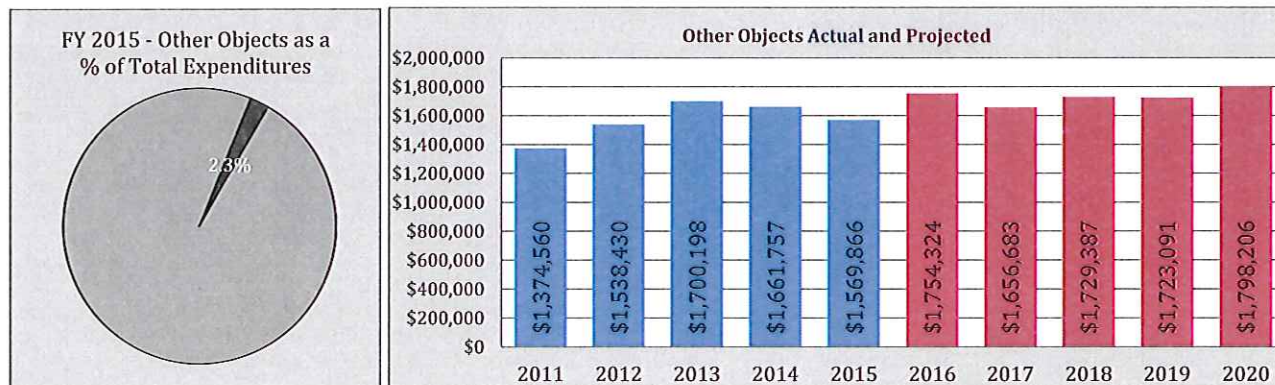


Notes & Assumptions:



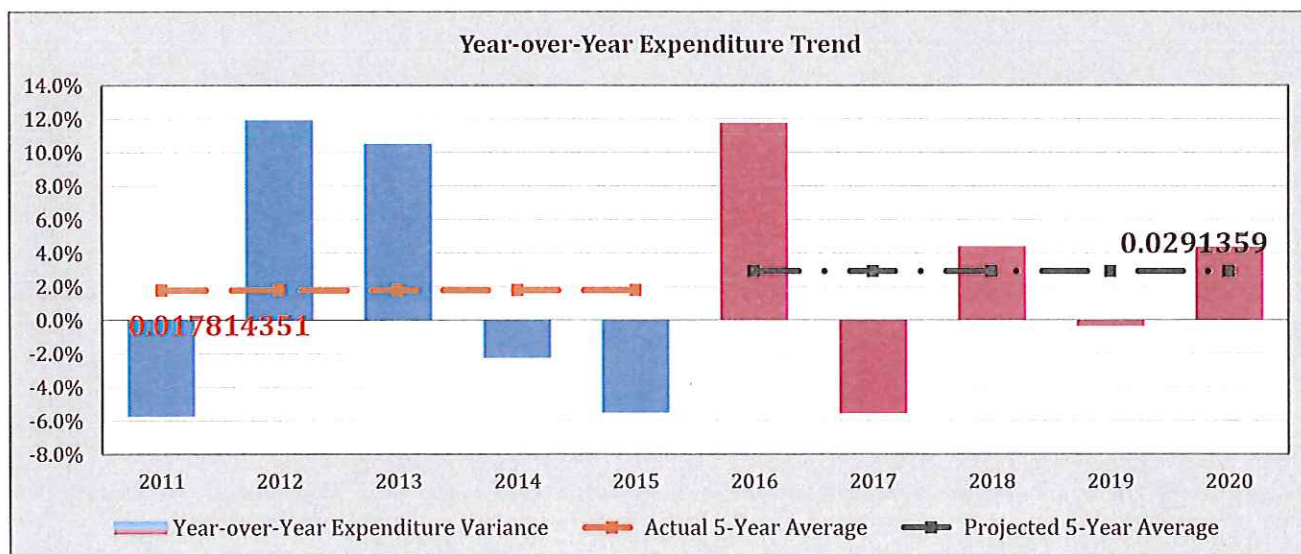
4.300 - Other Objects

Primary components for this expenditure line are membership dues and fees, ESC contract deductions, County Auditor/Treasurer fees, audit expenses, and election expenses.



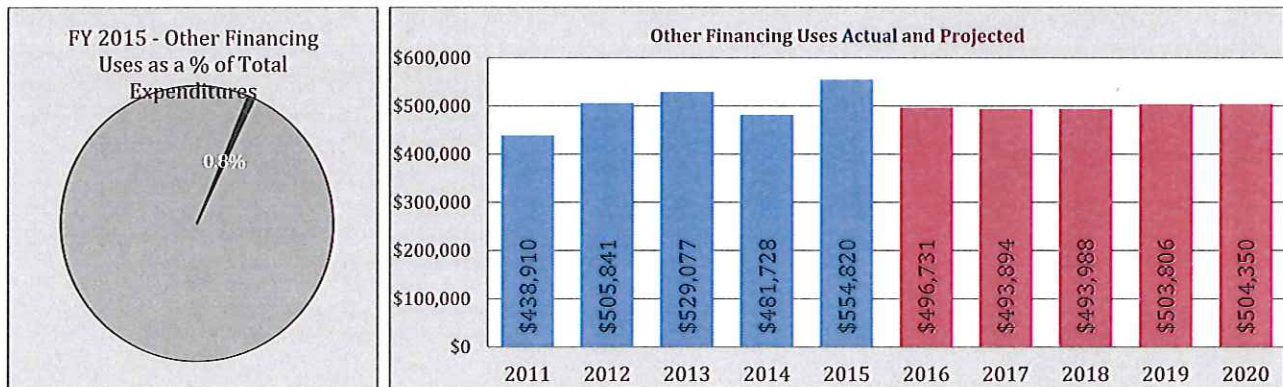
Notes & Assumptions:

The major expenditure from this set of accounts is payment to the Medina County ESC, the County Auditor for the collection of Property Taxes, State Audit Expenses, and election expenses. The first two are yearly occurrences while the last is every other year. The County Auditor expenses are based upon the total Property Tax Collections and changes from half to half. The last is based upon the number of poll workers needed and can change from election to election. Hence the reason for the steady but changing assumptions on the part of the District.



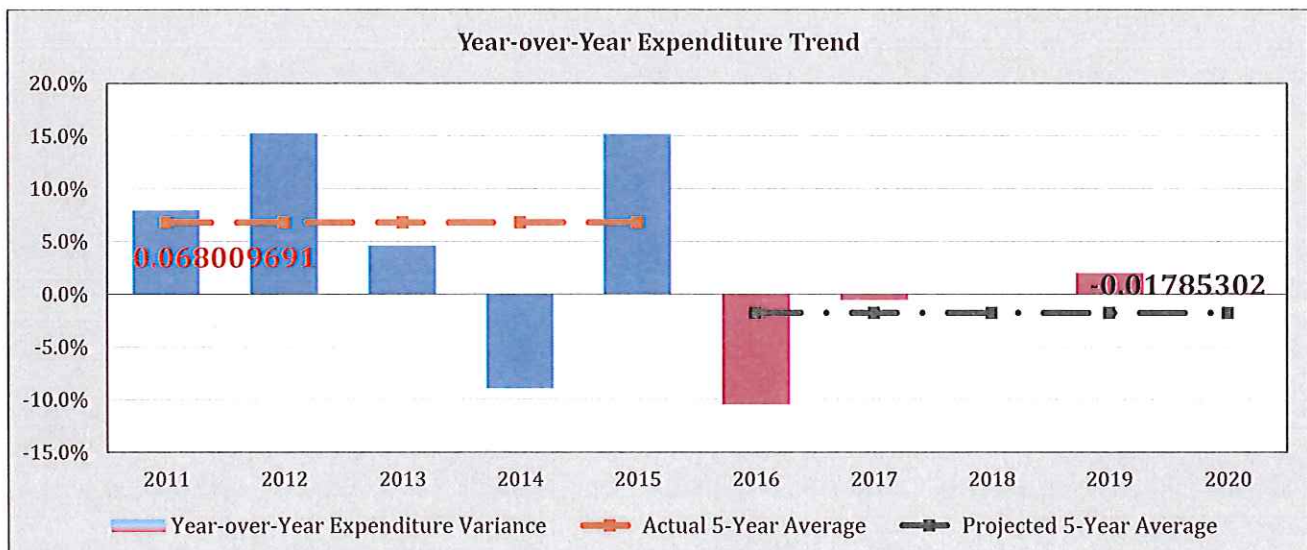
5.040 - Total Other Financing Uses

Operating transfers-out, advances out to other funds, and all other general fund financing uses.



Notes & Assumptions:

The district transfers money to the Medina County Recreation Department Fund to provide capital improvements for the Rec Center. We also transfer money into the Bond Fund to pay for COPS Bonds. Finally, we assume payment for budgeted uniform fee accounts that do not receive the funding. Last year and in 2013, the district advanced money to two funds to keep these funds afloat. Payments are being returned to the General Fund. These advances are the main reason the chart below shows both positive and negative trends.



Forecast Compare

Comparison of Previous Forecast Amounts to Current Forecasted Numbers
F.Y. 2016

		Column A	Column B	Column C	Column D
		Previous Forecast Amounts For F.Y. 2016 Prepared on: 05/20/2015	Current Forecast Amounts For F.Y. 2016 Prepared on: 10/16/2015	Dollar Difference Between Previous and Current	Percent Difference Between Previous and Current
Revenue:					
1	Real Estate & Property Allocation	\$55,120,676	\$53,379,672	-\$1,741,004	-3.2%
2	Public Utility Personal Property	\$0	\$2,634,957	\$2,634,957	n/a
3	Income Tax	\$0	\$0	\$0	n/a
4	State Foundation Restricted & Unrestricted	\$18,508,296	\$20,211,414	\$1,703,118	9.2%
5	Other Revenue	\$1,359,636	\$1,576,799	\$217,163	16.0%
6	Other Non Operating Revenue	\$150,000	\$400,564	\$250,564	167.0%
7	Total Revenue	\$75,138,608	\$78,203,406	\$3,064,798	4.1%
Expenditures:					
8	Salaries	\$41,882,963	\$41,785,546	-\$97,417	-0.2%
9	Fringe Benefits	\$15,916,039	\$15,060,635	-\$855,404	-5.4%
10	Purchased Services	\$8,255,871	\$8,297,013	\$41,142	0.5%
11	Supplies, Debt, Capital Outlay & Other	\$4,777,544	\$4,831,998	\$54,454	1.1%
12	Other Non Operating Expenditures	\$541,731	\$496,731	-\$45,000	-8.3%
13	Total Expenditures	\$71,374,148	\$70,471,923	-\$902,225	-1.3%
14	Revenue Over/(Under) Expenditures	\$3,764,460	\$7,731,483	\$3,967,023	5.6%*
15	Ending Cash Balance	\$42,608,321	\$47,200,723	\$4,592,402	122%*

Notes:

In May 2015, the district was preparing for the worst and hoping for the best when it came to foundation and property tax allocation funding from the State. The House had just passed their version of H.B.64 and the Senate was looking at making changes. Decreases were being anticipated for the property tax allocation (which includes Tangible Personal Property Tax Reimbursement) funds and the State Foundation Funding was in a limbo. With the passage by the Senate, the Conference Committee and the Veto by the Governor, the State front loaded the Foundation and Property Tax Allocation funds. On the expenditure side, the benefits of the district did not increase at the rate anticipated leading to a reduction in overall benefit expenses last year. We carried this forward into the current forecast.

Fiscal Year:	Actual	FORECASTED				
	2015	2016	2017	2018	2019	2020
Revenue:						
1.010 - General Property Tax (Real Estate)	46,638,612	45,927,779	46,060,582	46,236,290	43,444,068	40,797,262
1.020 - Public Utility Personal Property	2,442,697	2,634,957	2,788,682	2,918,574	2,944,565	2,975,465
1.030 - Income Tax	-	-	-	-	-	-
1.035 - Unrestricted Grants-in-Aid	18,437,841	20,131,627	20,693,950	20,012,742	19,256,734	18,503,636
1.040 - Restricted Grants-in-Aid	75,554	79,786	78,536	77,006	75,157	73,612
1.045 - Restricted Federal Grants - SFSF	-	-	-	-	-	-
1.050 - Property Tax Allocation	8,792,431	7,451,893	6,147,611	5,260,269	5,205,580	5,169,392
1.060 - All Other Operating Revenues	1,478,846	1,576,799	1,537,799	1,518,799	1,518,899	1,513,899
1.070 - Total Revenue	77,865,981	77,802,842	77,307,159	76,023,679	72,445,003	69,033,267
Other Financing Sources:						
2.010 - Proceeds from Sale of Notes	-	-	-	-	-	-
2.020 - State Emergency Loans and Adv	-	-	-	-	-	-
2.040 - Operating Transfers-In	13,816	20,000	20,000	20,000	20,000	20,000
2.050 - Advances-In	50,000	148,000	26,000	-	-	-
2.060 - All Other Financing Sources	555,063	232,564	223,000	223,000	223,000	223,000
2.070 - Total Other Financing Sources	618,879	400,564	269,000	243,000	243,000	243,000
2.080 - Total Rev & Other Sources	78,484,860	78,203,406	77,576,159	76,266,679	72,688,003	69,276,267
Expenditures:						
3.010 - Personnel Services	40,452,865	41,785,546	43,176,215	43,924,922	44,726,798	45,585,618
3.020 - Employee Benefits	14,813,462	15,060,635	15,318,562	15,457,425	15,606,149	15,765,434
3.030 - Purchased Services	8,002,935	8,297,013	8,309,945	8,379,126	8,494,489	8,589,238
3.040 - Supplies and Materials	1,426,571	1,998,538	1,677,992	1,690,675	1,703,555	1,716,671
3.050 - Capital Outlay	1,571,392	1,079,136	1,541,725	1,574,776	1,608,820	1,643,884
3.060 - Intergovernmental	-	-	-	-	-	-
Debt Service:						
4.010 - Principal-All Years	-	-	-	-	-	-
4.020 - Principal - Notes	-	-	-	-	-	-
4.030 - Principal - State Loans	-	-	-	-	-	-
4.040 - Principal - State Advances	-	-	-	-	-	-
4.050 - Principal - HB264 Loan	-	-	-	-	-	-
4.055 - Principal - Other	-	-	-	-	-	-
4.060 - Interest and Fiscal Charges	-	-	-	-	-	-
4.300 - Other Objects	1,569,866	1,754,324	1,656,683	1,729,387	1,723,091	1,798,206
4.500 - Total Expenditures	67,837,092	69,975,192	71,681,123	72,756,312	73,862,902	75,099,051
Other Financing Uses						
5.010 - Operating Transfers-Out	456,820	496,731	493,894	493,988	503,806	504,350
5.020 - Advances-Out	98,000	-	-	-	-	-
5.030 - All Other Financing Uses	-	-	-	-	-	-
5.040 - Total Other Financing Uses	554,820	496,731	493,894	493,988	503,806	504,350
5.050 - Total Exp and Other Financing Uses	68,391,912	70,471,923	72,175,016	73,250,299	74,366,708	75,603,401
6.010 - Excess of Rev Over/(Under) Exp	10,092,948	7,731,483	5,401,143	3,016,380	(1,678,706)	(6,327,135)
7.010 - Cash Balance July 1 (No Levies)	29,376,292	39,469,240	47,200,723	52,601,866	55,618,246	53,939,540
7.020 - Cash Balance June 30 (No Levies)	39,469,240	47,200,723	52,601,866	55,618,246	53,939,540	47,612,406
8.010 - Estimated Encumbrances June 30	649,472	650,000	650,000	650,000	650,000	650,000
9.080 - Reservations Subtotal	-	3,475,328	3,559,316	3,612,344	3,667,399	3,728,387
10.010 - Fund Bal June 30 for Cert of App	38,819,768	43,075,395	48,392,550	51,355,902	49,622,141	43,234,019
Rev from Replacement/Renewal Levies						
11.010 & 11.020 - Income & Property Tax-Renewal	-	-	-	-	3,369,976	6,740,401
11.030 - Cumulative Balance of Levies	-	-	-	-	3,369,976	10,110,377
12.010 - Fund Bal June 30 for Cert of Obligations	38,819,768	43,075,395	48,392,550	51,355,902	52,992,117	53,344,396
Revenue from New Levies						
13.010 & 13.020 - Income & Property Tax-New	-	-	-	-	-	-
13.030 - Cumulative Balance of New Levies	-	-	-	-	-	-
15.010 - Unreserved Fund Balance June 30	38,819,768	43,075,395	48,392,550	51,355,902	52,992,117	53,344,396